

job market was both private sector and the public sector within the State of Nebraska. A year ago the Department of Personnel indicated that we were one and a half percent below that average as per hiring rate as of July 1, 1978. We did not reflect that study last year. The study in 1979 reflected that the state employees' hiring rate was five and a half percent the prevailing market on the average and that the average state employee's salary was ten point three percent below the prevailing market within the state. The alternatives that we would have had back two years ago when the current procedure was established was to develop a step plan which is in use by a number of local governmental subdivisions in which there is an arbitrary five, usually a five or six percent adjustment annually, in addition to whatever adjustment is made for cost of living or inflation, but that process locks you in in a way that the committee and apparently, I think, the Legislature two years ago felt was inappropriate. It seems to me that it is absolutely defensible that the salaries for state employees should be compatible, I did not say competitive, but compatible with like positions in the private and other public sector within the state. With the salary policy, the adjustment in the salary base proposed by the committee of three percent, May 1, we still would be on the average seven percent below the salary survey as of July 1 of 1979, nearly nine, almost ten months ago, and it seems to me that it is absolutely then defensible that that salary survey be recognized to be included within the adjustments for state employees this year. Again, so that you well remember, this does not affect, this motion does not affect the university or the state colleges because they are not a part of the state personnel system. It only affects the state personnel system and the state employees that work for the various constitutional officers. I believe that the letter from the Governor indicated that that three percent figure would represent a five million dollar reduction in general fund appropriation. I take some exception with that figure because it is my understanding that each one percent increase in employees' salary adds one million eight hundred ninety thousand dollars per one percent of adjustment, for each one percent of adjustment, when all employees including postsecondary education is included. As I pointed out, postsecondary education is not included in the salary plan as proposed in 995 and I would suggest that a more accurate figure of the cost for the salary plan for the 80-81 fiscal year will be in the vicinity of \$2.9 million rather than the \$5 million that was suggested. The Legislature will still have the option on LB 999 to determine whether or not they wish to concur with whatever the Governor may propose